

COMMITTEES 7-1

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4 May 1954

MEMORANDUM FOR: Assistant to DD/I (NSC and National Estimates)

SUBJECT : ORR Comments on "Guidelines Under NSC 162/2 for FY 1956" dated April 29, 1954

25X1A 1. In view of ORR's assigned area of responsibility, we have confined our comments to sections of the paper dealing with the Soviet Bloc. However, some comments on the non-Bloc aspects were passed orally to [REDACTED] by [REDACTED] of the EIC Secretariat. We felt his comments would be useful in the light of his long government experience with non-Bloc economic problems.

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2. We have the following comments on sections relating to the Bloc economy:

a. Assumption 5, page 1, seems to indicate that living standards will decline during the period under consideration. In fact ORR projections indicate that living standards -- based on per capita availability of food and consumer goods -- will increase somewhat during this period.

b. Paragraph 32, page 31, there certainly is no reasonable suspicion today that the US would try to impose a free world embargo on trade with the Bloc. All public announcements and recent developments indicate a US trend in the opposite direction.

c. Paragraph 33, page 31 seems consistent with the two NIEs covering the subject but should be checked against them. These are the NIE's on : Soviet Capabilities for Economic Warfare; and, The Consequences of a Relaxation of Western Export Controls. We believe that ONE is covering this point.

d. Paragraphs 59 and 60, pages 45 and 46 seem to indicate that complete embargo would be desirable if there were not strong objections from our Allies and also seems to imply that there are no economic arguments to support

SECRET

our Allies' position. This obviously is contrary to the conclusions of NIE-59 and NIE-100-3-54. Moreover it is not at all clear what is meant by the last sentence in paragraph 60; ORR does not understand its meaning.

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151
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Acting Assistant Director
Research and Reports